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IN THE

Supreme Court of the United States

OCTOBER TERM, 1952

No. 25

CARDOX CORPORATION,

Petitioner,

v.

C-O TWO FIRE EQUIPMENT COMPANY,

Respondent.

BRIEF FOR RESPONDENT

R. MORTON ADAMS,
Counsel for Respondent.

IRVING HERRIOTT,
EDWARD T. CONNORS,
T. F. REDDY, JR.,
of Counsel.

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INDEX

	PAGE
Preliminary Statement	1
Comment on Mandamus Procedure	2
Statement of Facts	3
The Question Presented	5
Argument	6
Summary	6
The Patent Venue Section Came Into Existence As a Special Exception to the General Venue Statute and Has Always Been So Applied	8
In the *Stonite* Case, This Court Held the Patent Venue Statute to Be the Exclusive Statute Governing Venue in Patent Infringement Cases	11
The Incorporation of This Section Into the 1948 Revision of the Judicial Code Changed Only Its Phraseology	16
The Section Governing Service of Process in Patent Cases Makes It Explicit that "Resides" in the Patent Venue Section Does Not Include, as it Does in the Corporate Venue Section, Districts Where a Corporation Is Merely Doing Business	18
The Corporate Venue Section Cannot Be Applied to the Patent Venue Section Without Doing Violence to the Patent Venue Section	19
Examination of the Legislative History Confirms the Lack of Intention to Change Patent Venue	21
Conclusion	25

Cases Cited

	PAGE
Ackerman v. Hook, 183 F. 2d 11 (C. C. A. 3, 1950) ..	12
Aetna Ball & Roller Bearing Co. v. The Federal Bearing Co., Inc. (N. D. Ill., 1950, No. 50-C-857)	14
Arkay Infants Wear, Inc. v. Kline's Inc., 85 F. Supp. 98 (W. D. Mo., 1949)	12
Blaw-Knox Co. v. Lederle, 151 F. 2d 973 (C. C. A. 6, 1945)	10, 15
Bowers v. Atlantic, G. & P. Co., 104 Fed. 887 (C. C. N. Y., 1900)	10
Bulldog Electric Prod. Co. v. Cole Electric Prod. Co., 134 F. 2d 545 (C. C. A. 2, 1943)	10
Consolidated Window G. Co. v. Window G. Machine Co., 261 Fed. 362 (3 Cir., 1919)	9
Collett, Ex Parte, 337 U. S. 55 (1949)	2, 21, 22, 24
C-O-Two Fire Equipment Co. v. Barnes, 194 F. 2d 410 (C. A. 7, 1952)	26
Cowles Co. v. Frost White Paper Mills, 77 F. Supp. 124 (S. D. N. Y., 1948)	9
Curtis v. Madovoy, 84 F. Supp. 637 (E. D. N. Y., 1949)	13
Dalton v. Shakespeare Co., 196 F. 2d 469 (C. A. 5, 1952)	26
Edgewater Realty Co. v. Tennessee Coal, Iron & Railroad Co., D. C., 1943, 49 F. Supp. 807	17
Fahey, Ex Parte, 332 U. S. 258	3
Farr Co. v. Gratiot, 92 F. Supp. 320 (S. D. Cal. 1950)	26
Fischer v. Karl, 84 F. Supp. 53 (E. D. N. Y., 1949) ..	12
Ford Motor Co., et al. v. Ryan, 182 F. 2d 329	2

PAGE

General Elect. Co. v. Marvel Co., 287 U. S. 430 (1932) 10
Gulf Oil Corp. v. Gilbert, 330 U. S. 501 (1947) 25
Gulf Research & Development Co. v. Schlumberger Well Surveying Corporation (S. D. Cal., 1950) 92 F. Supp. 16 14

Harrison v. Northern Trust Co., 317 U. S. 476 (1943) 21
H. H. Miller Industries Co. v. Emery Thompson Mach. & Supply Co., 28 F. 2d 420 (S. D. N. Y. 1928) 9

Lavin v. Lavin, 182 F. 2d 870 (C. A. 2, 1950) 22

Motoshaver, Inc. v. Schick Dry Shaver, 100 F. 2d 236 (C. C. A. 9, 1938) 10

Nachtman v. Jones & Laughlin Steel Corporation, 90 F. Supp. 739 (D. C. D. Col. 1950) 12
Neirbo v. Bethlehem Corp., 308 U. S. 165 (1939) 15

Paramount Pictures, Inc. et al. v. Rodney, 186 F. 2d 111 (C. A. 3, 1950) 2

Rava v. Westinghouse Electric Corporation, 90 F. Supp. 707 (S. D. N. Y. 1950) 13
Rowell v. William Koehl Co., 194 Fed. 446 (W. D. N. Y. 1912) 9

Shaw, Ex Parte, 145 U. S. 444 (1892) 17
Standard Stoker Co., Inc. v. Lower, 46 F. 2d 678 (D. C. Md. 1931) 17
Stonite Co. v. Melvin Lloyd Co., 315 U. S. 561 (1942) 6, 8, 11, 12, 13, 26

United States v. American Trucking Assns., 310 U. S. 534 (1940) 21, 22

Statutes and Authorities

PAGE

Act of March 3, 1897, c. 395, 29 Stat. 695 8

The Judicial Code, William Barron, 8 F. R. D. 439 .. 21

U. S. Code, Title 28, Sec. 1391(c) .1, 5, 6, 13, 14, 17, 19, 20, 26

U. S. Code, Title 28, Sec. 1392 .....11, 13

U. S. Code, Title 28, Sec. 1398 24

U. S. Code, Title 28, Sec. 1400(b) ..1, 2, 4, 5, 6, 7, 9, 17, 18, 19, 20, 23, 26

U. S. Code, Title 28, Sec. 1406(a) 5

U. S. Code, Title 28, Sec. 1694 ..... 7, 18

U. S. Code, Title 28, Sec. 48 (Act of March 3, 1911, c. 231, 36 Stat. 1100) 9, 12

U. S. Code, Title 28, Sec. 52 (Act of March 3, 1911, c. 231, 36 Stat. 1101, 1102) 11, 12

United States Code, Congressional Service, 80th Congress, Second Session (West Publishing Co. & Edward Thompson Co.) 6, 21, 23, 24

In the

Supreme Court of the United States

October Term, 1952

No. 25

Cardox Corporation,

Petitioner,

v.

C-O Two Fire Equipment Company,

Respondent.

BRIEF FOR RESPONDENT

Preliminary Statement

The case comes here on Writ of Certiorari to review an order of the Seventh Circuit Court of Appeals entered February 1, 1952 (R. 31).

The order directed the District Court (Judge Barnes) to either dismiss or transfer the case of *Cardox Corporation* v. *C-O Two Fire Equipment Company*, a patent infringement suit, on the ground that venue was improperly laid under Title 28, § 1400(b) and that respondent was entitled to the venue protection of that section. The court sustained respondent's contention that Title 28, § 1391(c), relating to general corporate venue does not change the time-honored venue protection of the patent venue section, § 1400(b).

The issue is solely one of statutory construction.

The opinion by Chief Judge Major (Judge Swaim concurring) will be found at pages 21, *et seq.* The dissent by Judge Lindley will be found at page 30. They are reported in 194 F. 2d 410. There was no opinion by the District Court; its order will be found at page 13 of the record.

Comment on Mandamus Procedure

Procedurally the matter came before the Court of Appeals by petition for Writ of Mandamus to set aside an order of the District Court which refused respondent herein the claimed protection of § 1400(b). The propriety of the Mandamus procedure is not involved.

Petitioner conceded below and has conceded here (Brief on Petition for certiorari, p. 4) that if respondent is correct as to the venue protection accorded by the statute, a Writ of Mandamus is the appropriate way to correct the action of the District Court. The Court of Appeals held without dissent (R. 23):

> "In the beginning, we conclude that this court has the power to issue the writ of mandamus and, if petitioner is correct in its position, that it is an appropriate case for the exercise of such power. *Ford Motor Co., et al.* v. *Ryan,* 182 F. 2d 329, 330; *Paramount Pictures, Inc., et al.* v. *Rodney,* 186 F. 2d 111, 116. Cf. Ex Parte Collett, 337 U. S. 55 * * *."

The propriety of Mandamus seems self-evident from the facts. Respondent is claiming a statutory protection against the expense and inconvenience of being forced by petitioner to stand trial in a place remote from the place where respondent conducts his business and has committed the disputed acts of infringement. If this protection exists, the court is without power to entertain the action and respondent is entitled to the protection at the outset for, if it does not secure it then, it will never secure it.

Appeal after trial affords no remedy because the burdensome expense and inconvenience will then have occurred—the protection will have been destroyed, and what has been done cannot be undone. Appeal before trial is not possible—an order refusing to dismiss, as here, is not appealable. Hence, the only procedure by which respondent can secure protection is Writ of Mandamus.

In the words of this Court in *Ex parte Fahey*, 332 U. S. 258, at 260, this is a case where "* * * appeal is a clearly inadequate remedy" and Mandamus is the proper procedure.

Statement of Facts

The action was begun by petitioner June 26, 1951 in the United States District Court for the Northern District of Illinois, Eastern Division.

Petitioner might have sued in Delaware where respondent is incorporated or in New Jersey where respondent has its office and plant and where it committed the disputed acts of infringement. But, instead, petitioner sued in Chicago where, though respondent is licensed to do business, it has done none of the accused business and has only a small office (two salesmen) for purposes of other business (R. 11, 12).

The complaint alleges that the action arises under the Patent Laws of the United States and venue is based on the allegation (R. 7):

> "2. Defendant, C-O Two Fire Equipment Company, is a corporation organized and existing under the laws of the State of Delaware, and is licensed to do business in the State of Illinois, is a resident of and has a regular and established place of business in and is doing business in the Northern District of Illinois, Eastern Division, with offices at 444 North Lake Shore Drive, Chicago, Illinois."

There is no allegation or contention that respondent committed any acts of infringement within the Northern District of Illinois.

Respondent, in order to secure the protection afforded by the venue provision for patent infringement suits (28 U. S. C. 1400(b)) filed a motion on July 12, 1951 that the complaint be dismissed for improper venue. A copy of said motion and supporting affidavits appear at R. 9-12.

The grounds of said motion were that § 1400(b) had not been complied with in either of the statutory venue requirements; namely, the suit had not been brought in the district of respondent's incorporation, nor had it been brought in the district where respondent had a regular and established place of business and had committed the alleged acts of infringement. § 1400(b) reads as follows:

> "Any civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business."

Affidavits of the President, Scott E. Allen and the Secretary, Ralph F. Batch, of the respondent company, submitted in support of said motion, established that, although respondent was licensed to do business and had a small place of business within the Northern District of Illinois, such business as was transacted there, was not related to the alleged infringing acts and that respondent had committed no alleged infringing act within the Northern District of Illinois, but that it had committed acts of the kind complained of in the State of New Jersey where respondent maintains its principal office and manufacturing plant, keeps all its books and records relating to the disputed infringing activities and where its officers, engineers and employees who are acquainted with the disputed infringing activities are located (R. 10-12).

Respondent also suggested to the District Court that instead of dismissing the action, it would be appropriate to transfer said action under the discretionary provision of § 1406(a) of Title 28.

The District Court, without opinion, entered an order denying respondent's motion on the 15th day of October, 1951 (R. 13).

The Court of Appeals, by its order of February 1, 1952 (R. 31) sustained respondent's claim for venue protection and directed that this order be set aside and that the action be dismissed or transferred. This order was stayed (R. 32) pending action by this Court.

The Question Presented

The question presented is whether the special provisions of the patent venue statute, Title 28, § 1400(b), have been altered and enlarged by the provisions of the general corporation venue section, Title 28, § 1391(c), to permit a patent suit against a corporation in a district where the corporation has not infringed and is not incorporated, but where it is merely doing business or is licensed to do business.

The sections in question read as follows:

§ *1400—Patent and Copyrights*

"(b) Any civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business."

§ *1391—Venue Generally*

"(c) A corporation may be sued in any judicial district in which it is incorporated or licensed to do business or is doing business, and such judicial district shall be regarded as the residence of such corporation for venue purposes."

Argument

Summary.

Upon a first reading of these two sections it would appear that, inasmuch as § 1400(b) provides for venue in the place of residence for all defendants, whether corporate or otherwise, and that § 1391(c) provides that corporate residence includes the place where a corporation has a place of business or is licensed to do business, venue would be proper in the present case inasmuch as the action was brought in a district where respondent has a place of business, albeit a small one, and is licensed to do business.

It is on this that petitioner bases its contention.

However, an examination beyond this superficial view shows, as the Court below held, that this view is not sound, and that the sections are independent of one another, not complementary. A variety of considerations all lead to this conclusion, to wit:

1. Historically, the patent venue section was created as an independent section and always has been so applied. It wisely provided for venue both in the place of residence and in the place where the infringement is committed and limited it thereto. It has been found highly satisfactory and there never has been reason to change it.

2. This Court, in *Stonite Co.* v. *Melvin Lloyd Co.*, 315 U. S. 561 (1942), has held that it is the exclusive provision controlling venue in patent infringement proceedings; that a general venue statute literally applying to all cases did not modify the patent venue section and did not apply to a patent infringement suit; that the reenactment of the patent venue section in a code with other sections literally applying to all cases did not destroy its independence.

3. It was settled law at the time the 1948 code was drafted and enacted that the patent venue section was an independent section. All Congress had to do to retain it as an independent section was merely to include it in the code.

4. Moreover, it was then settled law that, although corporations could be sued where incorporated, where licensed, and where doing business, this rule of corporate venue did not apply to patent cases. Including this rule in the code obviously would not affect patent venue.

5. The code section for service of process in patent cases (§ 1694) makes it explicit that the term "resides" in the patent venue section does not include the mere place of doing business as it does in the corporate venue section.

6. Any attempt to apply the corporate venue section to patent cases makes a portion of § 1400(b) meaningless.

7. Investigation of the legislative history reveals that there was no intention to change venue provisions in patent cases.

All these considerations point to and confirm the view that the patent venue provisions and the corporate venue sections are independent, not complementary. It is on these considerations that respondent's contention is based.

The Patent Venue Section Came Into Existence As a Special Exception to the General Venue Statute and Has Always Been So Applied.

The special venue section for patent cases was first enacted in 1897. Its history and reasons for enactment are reviewed in *Stonite Co.* v. *Melvin Lloyd Co.*, 315 U. S. 561 (1942).

Briefly, the circumstances were that in 1887 the general venue statute had been amended to place restrictions on the places where civil actions could be brought, there having been great dissatisfaction with the unrestricted ability of a plaintiff to sue a defendant wherever he found him. However, widespread conflict soon arose as to whether this general venue provision applied to patent cases, and numerous cases held that it did not. This led to a special act, the Act of 1897*, to govern and restrict venue in patent cases. As was held in the *Stonite* case, the Act "was adopted to define the exact jurisdiction of the federal courts in actions to enforce patent rights".

On the one hand, the framers of the Act restricted venue so that defendants could not be sued for patent infringement wherever they happened merely to be found—this had

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* *Mar. 3, 1897, C. 395, 29 Stat. 695:*

"An Act Defining the jurisdiction of the United States circuit courts in cases brought for the infringement of letters patent.

"*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That in suits brought for the infringement of letters patent the circuit courts of the United States shall have jurisdiction, in law or in equity, in the district of which the defendant is an inhabitant, or in any district in which the defendant, whether a person, partnership, or corporation, shall have committed acts of infringement and have a regular and established place of business. If such suit is brought in a district of which the defendant is not an inhabitant, but in which such defendant has a regular and established place of business, service of process, summons, or subpoena upon the defendant may be made by service upon the agent or agents engaged in conducting such business in the district in which suit is brought."

resulted in oppression of accused infringers by patent owners.

On the other hand, they realized that there were special reasons both of justice and practical convenience why infringement cases should be tried where the infringement took place. Inspection of plant, processes and machinery is often important. Vital witnesses and records associated with the infringement are often located at the place of infringement. The Court itself frequently is asked to inspect the accused devices and processes in actual operation. As stated by the trial judge in *H. H. Miller Industries Co.* v. *Emery Thompson Mach. & Supply Co.*, 28 F. 2d 420, 422 (S. D. N. Y. 1928).

> "This being disputed by plaintiff's witnesses, it was arranged by agreement that the court, counsel, and witnesses should observe defendant's machine in actual commercial operation, and thereafter the results of that observation were testified to into the record.
>
> "From that testimony, and from that observation, I think it perfectly plain that defendant's device does, as plaintiff claims, perform . . ."*

So, under this Act two places were provided where a defendant might be sued for infringement—one, where defendant is an inhabitant, and the other, where it committed the alleged infringement, and had a regular and established place of business—and this was made to apply to all defendants "whether a person, a partnership, or corporation."

This has been the law ever since. It was re-enacted as § 48 of the Judicial Code in 1911 and has been embodied in the present code as § 1400(b). Throughout the 55 years since its enactment, it has been found satisfactory and wise.

* See also *Rowell* v. *William Koehl Co.*, 194 Fed. 446 (W. D. N. Y. 1912); *Consolidated Window G. Co.* v. *Window G. Mach. Co.*, 261 Fed. 362, at 365 (3 Cir. 1919); *Cowles Co.* v. *Frost White Paper Mills*, 77 F. Supp. 124, at 130 (S. D. N. Y. 1948), where the courts referred in their opinions to the importance of inspection of the machine either by court or counsel or both.

There has been no occasion to change it. Cases too numerous to mention have applied it to varying fact situations. It has been consistently applied to corporations to restrict venue either to the state of incorporation, or to the place where the infringement was committed and defendant had a regular and established place of business. See *Bowers* v. *Atlantic, G. & P. Co.*, 104 Fed. 887 (C.C.N.Y. 1900); *Bulldog Electric Prod. Co.* v. *Cole Electric Prod. Co.*, 134 F. 2d 545, 547 (C.C.A. 2, 1943); *Blaw-Knox Co.* v. *Lederle*, 151 F. 2d 973 (C.C.A. 6, 1945), and *Motoshaver, Inc.* v. *Schick Dry Shaver*, 100 F. 2d 236 (C.C.A. 9, 1938). As held by this Court in *General Elect. Co.* v. *Marvel Co.*, 287 U. S. 430 (1932), at 435, the patent venue section "confers upon defendants in patent cases a privilege in respect of the places in which suits may be maintained against them". Mere doing of business and mere license to do business have consistently been held not to confer jurisdiction in spite of the general rule as to corporate venue in non-patent cases. So clear has the matter been that in *Blaw-Knox* v. *Lederle*, 151 F. 2d 973 (1945), a case involving a corporate defendant, the Sixth Circuit Court of Appeals issued mandamus to enforce the statutory limitations.

There has been no reason for Congress to change this practical rule which has worked so well. The patent venue provision in correcting the abuse of a venue which was too broad included provision for suit where the tort was committed as well as in the place of residence. This has proved to be fair and adequate. Expansion of venue would result in the very evils the statute was designed to correct—namely, suits calculated to harass defendants in inconvenient locations but justified on technical venue grounds. It would also result in even greater possibility than now for conflict of decision between courts in patent cases and in even greater possibility than now for the perpetuation of patent litigation by multiple suits made possible by the additional jurisdictions for later suits against others after the patent was once adjudicated.

In the *Stonite* Case, This Court Held the Patent Venue Statute To Be the Exclusive Statute Governing Venue in Patent Infringement Cases.

The *Stonite* case (*Stonite Co.* v. *Melvyn Lloyd Co.*, 315 U. S. 561) was decided in 1942.

The question presented was the applicability to patent cases of the general venue statute which permitted defendants in adjoining districts to be sued in a single suit in either district. This section was then § 52* and is now § 1392. As will be seen from its language (see footnote), it literally applied to "every suit not of a local nature". This Court held that it was not supplementary to the patent section and that the patent venue section exclusively controlled patent infringement suits. This Court there said:

> "The only question presented for our determination is whether § 48 of the Judicial Code (28 U. S. C. § 109) is the sole provision governing the venue of patent infringement litigation, or whether that section is supplemented by § 52 of the Judicial Code (28 U. S. C. § 113)" (p. 561).
>
> * * *
>
> "We hold that § 48 is the exclusive provision controlling venue in patent infringement proceedings" (p. 563).

In the course of that decision, this Court was urged to hold that the re-enactment of the patent venue section in a single code with the general venue section made the sec-

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* (§ 52, Judicial Code; 28 U. S. C. 113). "When a State contains more than one district, every suit not of a local nature, in the district court thereof, against a single defendant, inhabitant of such State, must be brought in the district where he resides; but if there are two or more defendants, residing in different districts of the State, it may be brought in either district, and a duplicate writ may be issued against the defendants, directed to the marshal of any other district in which any defendant resides. * * *"

tions complementary. But this Court held the contrary (p. 567):

> "The reenactment of the Act of 1897 as § 48, and of R. S. § 740 as § 52 of the Judicial Code, by the Act of March 3, 1911, c. 231, 36 Stat. 1100-1101, is not indicative of any Congressional understanding that the two sections are complementary."

The applicability of the *Stonite* decision to the 1948 Code and to the present question is at once apparent and numerous lower Courts have applied it as controlling.*

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* In *Ackerman* v. *Hook*, 183 F. 2d 11 (1950), the Third Circuit Court of Appeals held (p. 14):

> "The Reviser's Notes make it evident that today, 1400(b) stands in the same situation as did Section 109 at the time of the Stonite opinion in 1942 and that the Stonite case is just as much in point now as then."

In *Nachtman* v. *Jones & Laughlin Steel Corporation*, 90 F. Supp. 739 (D. C. D. Col. 1950), the Court held (p. 940):

> "The Supreme Court, in the case of Stonite Products Co. v. Melvin Lloyd Co., 315 U. S. 561, 62 S. Ct. 780, 86 L. Ed. 1026, has held that the patent infringement venue statute was enacted by the Congress as an exception to the general venue statute and not that the two sections are complementary. While this decision was based on a prior Act, 29 U. S. C. A. § 109, the basic principle enunciated therein remains the same under the present Code provision."

In *Fischer* v. *Karl*, 84 F. Supp. 53 (E. D. N. Y., 1949), Judge Kennedy held (p. 55):

> "But I find it difficult to believe that Congress, in enacting the new code, intended to overrule the Stonite decision. * * *
> "In a word, to grant this motion would be to render 28 U. S. C. A. § 1400(b) completely meaningless."

In *Arkay Infants Wear, Inc.* v. *Kline's, Inc.*, 85 F. Supp. 98 (W. D. Mo., 1949), the Court held (p. 100):

> "Being based on former Section 48 of the Old Code, supra, the legislative history of said section, as delineated in the Stonite case, supra, is apposite here. From the legislative history of said section, it is manifest that venue in patent infringement actions against a non-inhabitant of the district in which

(*Footnote continued on following page*)

In the present case, as in that case, the general venue statute which it is attempted to apply to patent cases is unrestricted in language and is literally broad enough to include all cases, patent cases as well as others. Here. as there, the general venue section and the patent venue section were part of a single enactment. Here, as there, the general statute seemed plain and unambiguous. Here, as there, the general statute is inconsistent with the special patent venue provision. Here, as there, the conclusion is that the two sections are not complementary.

Apart from its controlling effect on the present question this *Stonite* case is important in understanding why the drafters of the present code included general venue sections such as §§ 1391(c) and 1392 without stating that they did not apply to patent cases.

The *Stonite* decision had been the law for some years when the present code was adopted. The drafters of the

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such action is brought, was intended by Congress to be limited to districts in which such a defendant 'shall have committed acts of infringement and have a regular and established place of business.' To give effect to that mandate in Section 1400(b), the phrase 'any civil action' as used in Section 1392(a), supra, can have no application to patent infringement action. To hold otherwise would be to nullify and hold inoperative such limitation on venue of federal courts over that class of actions, and deprive defendants in patent cases of the privilege granted them by Congress to have such suits maintained against them in the district where they have committed acts of infringement and have a regular and established place of business."

In *Rava* v. *Westinghouse Electric Corporation*, 90 F. Supp. 707 (S. D. N. Y., 1950), the Court held (p. 708):

"Since the defendant is a Pennsylvania corporation, the suit is maintainable in this district only if the defendant has a regular and established place of business here and committed an act of infringement here. 28 U. S. C. A. § 1400(b); Stonite Products Co. v. Melvin Lloyd Co., 315 U. S. 561, 62 S. Ct. 780, 86 L. Ed. 1026."

In *Curtis* v. *Madovoy*, 84 F. Supp. 637 (E. D. N. Y., 1949), Judge Galston stated (p. 638):

(*Footnote continued on following page*)

Code and Congress were entitled to rely on, and presumably did rely on, the settled law which it expressed—namely, that the patent venue section was the exclusive section for patent cases. There was no need for them to add to the general venue provisions a statement that they did not apply to patent cases. This was settled law.

Moreover, it was also settled law that the general rule as to corporate venue now expressed in § 1391(c) did not

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"Clearly that section would not enable the plaintiff in this case to bring in those defendants whose places of business are in the Southern District of New York in the absence of allegations that they have committed infringements in the Eastern District of New York. The controlling authority is Stonite Products Co. v. Melvin Lloyd Co., et al., 315 U. S. 561, 62 S. Ct. 780, 86 L. Ed. 1026."

Judge Igoe, in *Aetna Ball & Roller Bearing Co.* v. *The Federal Bearing Co., Inc.* (Civil Action No. 50-C-857), unreported, held:

"The question here, as I said awhile ago, is simply this: Does 1391-C or 1400-B control this situation? Now it would appear to me that at the time Congress adopted this amendment of the Judicial Code they might well presume to have known all there was to be known about the law concerning the cases of this kind, and in that provisions of the Judicial Code they address 1391-C which is a general provision covering all corporations, and at the same time, they adopted 1400-B which is a special provision covering patent cases. I think this case is covered by provision 1400-B. Therefore, your motion to quash the summons will be allowed."

In *Gulf Research & Development Co.* v. *Schlumberger Well Surveying Corporation* (S. D. Cal., 1950), 92 F. Supp. 16, Judge Harrison held (p. 19):

"In conformity with my conclusions I hold that Section 1391(c) is not complementary to Section 1400(b); that the word 'resides' in Section 1400(b) means the same as the word 'inhabitant' in the former Section 109, and that the interpretation placed upon said former Section 109 applies to its revision as set forth in the revised Section 1400(b). I believe the Stonite case is still the law and the fact that the defendant committed no acts of infringement in this district indicates to me that the venue is improper."

apply to patent cases. As early as 1939 this Court had decided that corporations might be sued not only where they were incorporated or where they did business, but additionally where they were licensed to do business, *Neirbo* v. *Bethlehem Corp.*, 308 U. S. 165 (1939). This, however did not change the rule in patent suits. Nor was there any reason why it should; the patent section had a special provision providing for suit where the tort was committed and had had since its very first enactment. Numerous cases after the *Neirbo* case held that the general rule of corporation venue did not apply to patent cases and the exclusive jurisdiction provided for by the patent venue section was so plainly undisturbed that, as we have said, the Sixth Circuit Court of Appeals in 1945 issued mandamus to ensure a corporate defendant of its protection, *Blaw-Knox Co.* v. *Lederle*, 151 F. 2d 973.

Under the clearly settled law that the rule of corporate venue did not apply to patent cases and the more fundamental and equally settled law that the patent venue was governed exclusively by the special patent venue section, why should the corporate venue section or any other general venue section recite that it did not apply to patent cases? Plainly there was no need.

This, then, was the history and state of the law in 1948 at the time of the enactment of the Code Revision. The patent venue section had been enacted as an exclusive section for patent infringement cases; it had been universally so applied; it had authoritatively been so construed; and it had been held unaffected by the extension of corporate venue. It fairly provided for suit at the place of residence and also at the place of infringement but wisely limited it thereto. All the Congress had to do was to incorporate it in the Code.

The Incorporation of This Section Into the 1948 Revision of the Judicial Code Changed Only Its Phraseology.

When this patent venue section was incorporated in the 1948 Revision of the Judicial Code some changes were made in language, and it is, of course, important to examine these to see whether any change was made in substance. Examination reveals there was not.

We quote here the Reviser's Notes* as a convenient and complete summary of the changes:

> "Subsection (b) is based on section 109 of title 28, U. S. C., 1940 ed., with the following changes:
>
> "Words 'civil action' were substituted for 'suit,' and words 'in law or in equity,' after 'shall have jurisdiction' were deleted, in view of rule 2 of the Federal Rules of Civil Procedure.
>
> "Words in subsection (b) 'where the defendant resides' were substituted for 'of which the defendant is an inhabitant.' A corresponding change was made in subsection (a). Words 'inhabitant' and 'resident,' as respects venue, are synonymous. (See reviser's note under section 1391 of this title.)
>
> "Words 'whether a person, partnership, or corporation' before 'has committed' were omitted as surplusage.
>
> "The provisions of section 109 of title 28, U. S. C., 1940 ed., relating to process are incorporated in section 1694 of this title. * * *"

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* These are quoted from the comprehensive volume (see p. 21, *infra*) devoted to the Act and its history put out by West Publishing Co. and Edward Thompson Co., which contains an outline of the history of the present revision; the lists of the congressional committees and other committees and staff who worked on the revision; the Act itself; the Senate Report and the House Report, including the Reviser's Notes; and the congressional debates.

Plainly no change in substance is involved in changing "suit" to "civil action"; or in omitting "in law or in equity"; or in omitting "whether a person, partnership, or corporation"; or in relegating the provisions re service of process to another section.

Equally plainly there is no indication of change in substance in the change from the term "inhabitant" to "resident". On the contrary, the Note states that *"Words 'inhabitant' and 'resident', as respects venue, are synonymous."*

This note under § 1400 (b) refers the reader to the reviser's notes under § 1391 in connection with the use of the synonymous terms "resident" and "inhabitant". There we find (*ibid.*, p. 1847):

> "Word 'reside' was substituted for 'whereof he is an inhabitant' for clarity inasmuch as 'inhabitant' and 'resident' are synonymous. (See Ex parte Shaw, 1892, 12 S. Ct. 935, 145 U. S. 444, 36 L. Ed. 768; Standard Stoker Co., Inc. v. Lower, D. C., 1931, 46 F. 2d 678; Edgewater Realty Co. v. Tennessee Coal, Iron & Railroad Co., D. C., 1943, 49 F. Supp. 807.) * * *"

The net result is that there is nothing in either place to indicate any change in venue in patent cases.

The conclusion is inescapable, that the 50-year-old patent venue provision was re-enacted without any change in substance and that it remained, as was settled law at the time of enactment, the exclusive venue section for patent infringement cases.

There remain to be discussed the further confirmation found in the fact that the section governing service of process in patent cases confirms the independence of the patent venue provisions, in the fact that the corporate venue provisions cannot be applied to patent cases without doing violence to the patent venue provisions, and in

the fact that the legislative history and commentaries, as well as the Reviser's Notes, confirm the absence of change in this 50-year-old and well-settled patent venue policy.

The Section Governing Service of Process in Patent Cases Makes It Explicit that "Resides" in the Patent Venue Section Does Not Include, As It Does in the Corporate Venue Section, Districts Where a Corporation Is Merely Doing Business.

That portion of the patent venue section which provides for service of process in patent cases has become § 1694, as is observed in the reviser's note.* This section reads as follows:

> "§ 1694. Patent infringement action.
>
> "In a patent infringement action commenced in a district *where the defendant is not a resident but has a regular and established place of business,* service of process, summons or subpoena upon such defendant may be made upon his agent or agents conducting such business." [Italics added.]

It will at once be noted (and this, we think, is of controlling importance) that this section explicitly recognizes that, for patent infringement cases, the mere conducting of business in a jurisdiction does not make the defendant a resident thereof. This section explicitly recognizes and provides for the situation where "the defendant is not a resident but has a regular and established place of business". It provides that in such case, service may be made upon defendant's "agents conducting such business".

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* From Reviser's Note under § 1400(b). "The provisions of section 109 of title 28, U. S. C., 1940 ed., relating to process are incorporated in section 1694 of this title * * *"

This section, in referring to a case where defendant is not a resident of the district, though doing business therein, is in direct conflict with § 1391(c).

What clearer and more convincing evidence could be wanted of the error of petitioner's contention that the corporate venue section applies to patent cases merely because of its broad language?

However, further confirmation, if more be needed, is found in the irreconcilable inconsistency between § 1391(c) and § 1400(b), which becomes apparent when the language of one is applied to the other.

The Corporate Venue Section Cannot Be Applied to the Patent Venue Section Without Doing Violence to the Patent Venue Section.

When it is attempted to apply the corporate venue definition of residence in § 1391(c) to the patent venue section, it quickly becomes apparent that a vital part of § 1400(b) becomes meaningless and surplusage.

Let us assume the infringement action is being brought against the corporation in a district where it is doing business and it is attempted to justify this on the ground that the patent section says any defendant may be sued where it "resides" and the corporate venue section so defines residence.

No difficulty is encountered when only the first clause of § 1400(b) is considered.

When, however, the second portion of § 1400(b) is examined, it is discovered that *this has resulted in suing a defendant where it does business but does not infringe, contrary to the express provision of this second clause of § 1400(b) that the defendant must have not only a place of business in the district but also must have infringed in the district before jurisdiction attaches under this clause.*

To hold jurisdiction under such circumstances makes the second clause meaningless and surplusage.

This becomes apparent upon considering what the wording would be like if the statute were rewritten to include § 1391(c) as follows:

> "§ 1400(b) revised to include § 1391(c): Any civil action *against a corporate defendant* for patent infringement may be brought in the judicial district where the defendant resides, *to wit, in the judicial district in which it is incorporated or licensed to do business or is doing business,* or where the defendant has committed acts of infringement and has a regular and established place of business." [Italicized portion supplied from § 1391(c).]

If it be attempted to reconcile this by saying that the second clause of § 1400(b) can be construed to include only individuals, there arises the immediate difficulty that this construction runs counter to the natural and settled meaning of the term. The statute prior to revision read, "defendant, whether a person, partnership, or corporation, had committed, etc." and the reviser's note points out that "Words 'whether a person, partnership, or corporation' before 'has committed' were omitted as surplusage. Further, there is also the absurdity that the word "defendant" has to mean two different and inconsistent things in its two occurrences in the same sentence. In its first occurrence "defendant" has to include corporations and in its second occurrence it has to exclude corporations.

Plainly, the only sensible answer to these difficulties is the one that all else points to, namely, that § 1391(c) and § 1400(b) are not complementary. They simply weren't intended to modify one another.

The patent section was intended to continue to be just what it was under settled law at the time of the code enactment—an independent section for patent infringement cases.

Examination of the Legislative History Confirms the Lack of Intention to Change Patent Venue.

A convenient source of the legislative history is the special compilation put out by West Publishing Co. and Edward Thompson Co., as pages 1487-2174 of "U. S. Code, Congressional Service, 80th Congress, second session".* This is devoted to "Title 28—United States Code, Judiciary and Judicial Procedure, with Official Legislative History and Reviser's Notes". Also, the article "The Judicial Code—1948 Revision" by William W. Barron, Chief Reviser, appearing in 8 F. R. D. 439 is helpful.

The history of the legislation and also the reviser's notes were reviewed by this Court in *Ex Parte Collett*, 337 U. S. 55 (1949) in connection with another section of the code, and the Court there found and held that the legislative history and the reviser's notes were illuminating and authoritative and confirmed the view which the Court had arrived at for other reasons. Such a consideration of the legislative history is, of course, eminently proper.**

It is at once apparent from consideration of legislative history that the revisers took the greatest pains to make

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* This is also published as an appendix to Vol. I, U S. Code Congressional Service 1948, but the paging is different, namely pages A3 to A322, incl.

** It is general rule that reference to legislative history is proper, even where the statute appears to be plain and unambiguous on its face. As this Court said in *Harrison* v. *Northern Trust Co.*, 317 U. S. 476, 479 (1943):

> "But words are inexact tools at best, and for that reason there is wisely no rule of law forbidding resort to explanatory legislative history no matter how 'clear the words may appear on "superficial examination."' *United States* v. *American Trucking Assns.*, 310 U. S. 534, 543-44."

(*Footnote continued on following page*)

sure that everyone concerned with the revision could know at all times exactly what changes were made. To this end, explicit notes, called "reviser's notes" were prepared, listing all changes and so important were they considered that they were appended to and made a part of the House report on the bill. As the Second Circuit Court of Appeals said in *Lavin* v. *Lavin*, 182 F. 2d 870, 873 (1950):

> "The House report incorporated the Reviser's notes, and thus made them a valid source for interpretation, in addition to their inherent authority."

This Court, in *Ex Parte Collett*, pages 65, *et seq.*, comments on the fact that the revision involved prolonged study over a period of five years; that the spade work was entrusted to two law book publishing firms; that there was an advisory committee including distinguished judges and members of the Bar; an advisory committee appointed by the Judicial Conference; and an advisory committee appointed by Chief Justice Stone. This Court in its opinion repeatedly refers to the carefully prepared reviser's notes, and emphasizes (p. 69) that the reviser's notes were before

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(*Footnote continued from previous page*)

And in *United Stdtes* v. *American Trucking Ass'ns, supra,* the Court said (310 U. S. at pp. 543-544):

> "There is, of course, no more persuasive evidence of the purpose of a statute than the words by which the legislature undertook to give expression to its wishes. Often these words are sufficient in and of themselves to determine the purpose of the legislation. In such cases we have followed their plain meaning. When that meaning has led to absurd or futile results, however, this Court has looked beyond the words to the purpose of the act. Frequently, however, even when the plain meaning did not produce absurd results but merely an unreasonable one '*plainly at variance with the policy of the legislation as a whole*' this Court has followed that purpose, rather than the literal words. When aid to construction of the meaning of words, as used in the statute, is available, there certainly can be no 'rule of law' which forbids its use, however clear the words may appear on 'superficial examination'. * * *" (Emphasis added.)

Congress in enacting the legislation, and that they were printed for the purpose of aiding the Congress and its committees in considering and enacting the legislation.

Senator Wiley, in reporting the bill to the Senate, said (*ibid.*, p. 1676):

> "Appended to the report are the revisers' notes to each section, together with accompanying tables. These explain in great detail the source of the law and the changes made in the course of the codification and revision."

Mr. Robsion, in submitting the revision to the House, stated (*ibid.*, p. 1699):

> "The reviser's notes are keyed to sections of the revision and explain in detail every change made in text."

In view of the great care which was exercised to include all changes in the reviser's notes, one would naturally expect to find a reference to change in patent venue policy if one was intended. But, we have already seen from an examination of the reviser's note under the patent venue section, § 1400(b), that there was no statement of any change whatsoever except a change in phraseology which was frankly stated to be merely phraseology.

Where, as here, we find that every other factor points to the lack of change in patent venue, it is not only fair but irresistible to conclude that the absence of any statement of change in the reviser's note confirms the fact that no change was intended particularly since the legislative history is replete with statements that the purpose was codification and that changes were avoided except where plainly non-controversial and that all changes were set forth in the reviser's notes.

Beyond this, however, there are other indications in the legislative history that confirm that no change in patent venue was intended. Numerous witnesses testified, but none indicated any change in patent venue. They all emphasized that changes were minimized and that all changes were in the notes. The testimony of Representative Keogh (p. 1945); Judge Maris (1959); Mr. Barron, Chief Revisor (1964) and Moore (1969).

Neither the Senate report nor the House report indicate any change. The House report comments on venue changes but states they will be found in the notes. It states (p. 1697):

> "So also, minor changes were made in the provisions regulating the venue of district courts in order to clarify ambiguities or to reconcile conflicts. These are reflected in the reviser's notes under sections 1391-1406."

This lack of indication of any change in patent venue must be contrasted with the situation which the Court found in *Ex Parte Collett*, where the change was explicitly stated in the notes.

It also must be contrasted with the situation in connection with § 1398 where the reviser's note explicitly states (p. 1850):

> "This section is completely rewritten to give effect to changes recommended by the Judicial Conference of the United States."

and, furthermore, is to be contrasted with the note applying to Subsection (d) of § 1391 itself which states (p. 1848):

> "Subsection (d) of this section is added to give statutory recognition to the weight of authority con-

> cerning a rule of venue as to which there has been a sharp conflict of decisions."

Before leaving our consideration of the reviser's notes, we should like to comment on the lack of any note indicating that § 1391(c) represents a change. The lack of any such note is easily understood when it is realized that this section did not introduce any change in venue, but merely reflected the settled law that corporations could be sued generally in the district where they did business or in the district where they were licensed. As we have pointed out previously, not only was this the settled law at the time of the preparation and enactment of the code, but it was also settled law that this rule of venue as to corporations did not apply to patent infringement suits. Further, it was settled law that the patent venue section was independent, and exclusively governed patent infringement suits. Hence, there was no reason why the drafters of the code, in incorporating this settled law as to corporations, should have treated it as a change or should have been concerned with its application to patent cases or made any note with respect thereto.

Conclusion

Finally, we reiterate that the special patent venue provisions have worked well and fairly, that there has been no evidence of any desire or reason to change them, that expansion of venue in patent cases would serve no good purpose and that there are significant reasons, which we have previously pointed out, why expansion would be unwise. As this Court said in *Gulf Oil Corp.* v. *Gilbert*, 330 U. S. 501, 507 (1947):

> "But the open door may admit those who seek not simply justice but perhaps justice blended with some harassment. A plaintiff sometimes is under tempta-

tion to resort to a strategy of forcing the trial at a most inconvenient place for an adversary, even at some inconvenience to himself."

Dalton v. *Shakespeare Co.*, 196 F. 2d 469 (C. A. 5, 1952), *C-O-Two Fire Equipment Co.* v. *Barnes*, 194 F. 2d 410, 415 (C. A. 7, 1952—Dissenting Opinion, Lindley, J.), and *Farr Co.* v. *Gratiot*, 92 F. Supp. 320 (S. D. Cal. 1950), the authorities which have read the provisions of § 1391(c) into § 1400(b), have not only ignored these considerations of convenience and avoidance of harassment, underlying reasons for the creation of a special patent venue statute and for the maintenance of an independent status for that statute from 1897 down to the present time. They have not considered the controlling effect of the reasoning in the *Stonite* case. They have ignored the fact that the provisions of § 1391(c) and § 1400(b) were the content of settled law at the time of their adoption and that the settled law at such time was that they were not complementary, the rule of venue for corporations generally, not applying to patent infringement actions. They have not considered, in the light of reality, the inconsistent result arrived at by any application of § 1391(c) to § 1400(b). They have wholly ignored the important fact that § 1694, relating to service of process in patent infringement actions, contains explicit provisions which are in direct conflict with the provisions relating to corporate residence in § 1391(c).

Consideration of these factors compels the conclusion that, as held by the Court below, § 1391(c) is not complementary to § 1400(b); that the District Court was without power to entertain the present action over respondent's objection; and that the Court of Appeals' action in ordering the District Court either to dismiss or to transfer the

case to a jurisdiction where it might properly be brought should be affirmed.

Respectfully submitted,

R. Morton Adams,
Counsel for Respondent.

Irving Herriott,
Edward T. Connors,
T. F. Reddy, Jr.,
of Counsel.

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